

SENATE BILL NO. 335

2/06 Introduced
2/07 Referred to Business & Industry
2/08 Fiscal Note Requested
2/13 Fiscal Note Received
2/13 Hearing
2/13 Tabled in Committee

1 *Senate* BILL NO. 335
 2 INTRODUCED BY *Richard E. Manning*
 3

4 A BILL FOR AN ACT ENTITLED: "AN ACT REQUIRING CONTRACTORS
 5 TO BE REGISTERED; REQUIRING POSTING OF A SURETY BOND AT THE
 6 TIME OF REGISTRATION; REQUIRING PROOF OF REGISTRATION PRIOR
 7 TO RECEIVING A CONTRACTOR'S DISCOUNT; PROVIDING THAT FAILURE
 8 TO REGISTER IS A MISDEMEANOR; AND PROVIDING EFFECTIVE
 9 DATES."

10
 11 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MONTANA:

12 Section 1. Definitions. As used in [this act], unless
 13 the context requires otherwise, the following definitions
 14 apply:

15 (1) "Contractor" means an individual, partnership,
 16 corporation, or other entity that contracts or offers to
 17 contract for:

18 (a) constructing, altering, repairing, improving,
 19 moving, or demolishing any building, highway, road,
 20 railroad, project, development, or improvement attached to
 21 real estate; or

22 (b) the erection of scaffolding, installation of floor
 23 covering or carpeting, or installation or repair of roofing
 24 or siding.

25 (2) "Department" means the department of commerce

1 provided for in Title 2, chapter 15, part 18.

2 (3) "Field of contracting" has the meaning contained
 3 in 37-71-101.

4 (4) "General contractor" means a contractor whose
 5 business operations require the use of two or more fields of
 6 contracting or two or more building crafts or trades, which
 7 work is superintended by the contractor.

8 (5) "Specialty contractor" means any contractor who is
 9 not a general contractor.

10 Section 2. Registration required. (1) Each contractor
 11 performing work in Montana is required to register with the
 12 department each year on a date set by the department. The
 13 registration must include:

14 (a) the name and address of the contractor and any
 15 partners or shareholders of the contractor;

16 (b) the type of contracting activity in which the
 17 contractor engages and whether he is a general or specialty
 18 contractor;

19 (c) the contractor's employer social security number;
 20 and

21 (d) any other information the department considers
 22 necessary.

23 (2) The department may by rule establish a fee for
 24 registration commensurate with the cost of administering
 25 [this act].



-2-
 INTRODUCED BILL
 SB 335

1 Section 3. Bond required. (1) The department, at the
 2 time of registration or reregistration of a contractor,
 3 shall require a good and sufficient surety bond or in lieu
 4 thereof its equivalent in a certificate of deposit,
 5 cashier's check, bank draft, or certified check, to be
 6 approved by the department, in the sum of \$4,000 for a
 7 general contractor and \$2,000 for a specialty contractor,
 8 conditioned that the applicant will pay:

9 (a) all persons performing labor for the contractor
 10 (payment shall include employee benefits);

11 (b) all taxes due the state;

12 (c) all persons supplying material or renting
 13 equipment to the contractor; and

14 (d) all judgments against the contractor.

15 (2) Any person having a claim against a contractor may
 16 bring suit upon the bond or its equivalent in the district
 17 court of the county in which the work performed by the
 18 contractor was done or in the county where the contractor's
 19 principal place of business is located.

20 (3) The department shall suspend the registration of
 21 any contractor whose bond liability is impaired or whose
 22 bond is expired.

23 Section 4. Contractor discount -- proof of
 24 registration required. Any person supplying materials or
 25 supplies to a contractor who offers a contractor's discount

1 must require that the person claiming the discount furnish
 2 proof of registration before the discount may be given.

3 Section 5. Rulemaking. The department may adopt rules
 4 to implement [this act].

5 Section 6. Failure to register -- misdemeanor. Any
 6 contractor who does business in Montana without being
 7 registered under [this act] is guilty of a misdemeanor and
 8 is punishable as provided in 46-18-212.

9 Section 7. Effective dates. Section 5 and this section
 10 are effective on passage and approval, but rules adopted
 11 under section 5 may not take effect before October 1, 1985.

-End-

STATE OF MONTANA

FISCAL NOTE

REQUEST NO. FNN 368-85Form BD-15

In compliance with a written request received February 8, _____ 19 _____, there is hereby submitted a Fiscal Note for S.B. 335 pursuant to Title 5, Chapter 4, Part 2 of the Montana Code Annotated (MCA). Background information used in developing this Fiscal Note is available from the Office of Budget and Program Planning, to members of the Legislature upon request.

DESCRIPTION OF PROPOSED LEGISLATION:

Requiring contractors to be registered and post a surety bond at time of registration, requiring proof of registration prior to receiving a contractor's discount, and providing that failure to register is a misdemeanor.

ASSUMPTIONS:

1. Assume 5,000 to be registered as general contractors and builders
2. Assume rule making will require 20 pages of rules at \$14 a page per year
3. Assume 25 hours legal at \$40 an hour
4. Assume 1.00 FTE (Grade 11, step 2) plus 18½% benefits per year
5. Assume equipment required for startup in FY 86
6. Assume automated registration/licensing system of \$600 in FY 86, \$300 in FY 87
7. Assume increased office space required
8. Assume fees commensurate with costs
9. Assume \$300 in indirect costs to Department of Commerce each year
10. Assume printing costs and communications at \$500 in FY 86, \$350 in FY 87
11. Assume fees collected will be used to administer this program

FISCAL IMPACT ON STATE SPECIAL REVENUES:

	<u>FY 86</u>	<u>FY 87</u>
Estimated Expenditures	\$ 28,242	\$ 21,942
Fees commensurate with costs		

TECHNICAL NOTE:

This bill does not specify that fees collected are to be used for administering this program. This note assumes these fees would be deposited into a special revenue account and that the fees would then be used to fund this program.

David L. Hunter

BUDGET DIRECTOR
Office of Budget and Program Planning

Date: Feb 13, 1985

SB335